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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re

DOUBLE JUMP, INC.

Debtor.

Lead Case No.: BK-19-50102-gs
(Chapter 7)

Substantially Consolidated with:

19-50130-gs	DC Solar Solutions, Inc.
19-50131-gs	DC Solar Distribution, Inc.
19-50135-gs	DC Solar Freedom, Inc.

Affects:
☒ DC Solar Solutions, Inc.
☒ DC Solar Distribution, Inc.
☒ DC Solar Freedom, Inc.
☒ Double Jump, Inc.

CHRISTINA W. LOVATO,

Plaintiff,

v.

KING SOLARMAN, INC., CHIANG LIAN
CUNG a/k/a MICHAEL CUNG, KING
SOLARMAN (INDION) FUND I, LLC, and
KING SOLARMAN (INDION) FUND II,
LLC,

Defendants.

Adversary No.: 21-05028-gs

**TRUSTEE’S SUR-REPLY IN OPPOSITION
TO MOTION TO DISMISS ADVERSARY
COMPLAINT [ECF No. 7] FILED BY KING
SOLARMAN, INC., KING SOLARMAN
(INDION) FUND I, LLC AND KING
SOLARMAN (INDION) FUND II, LLC**

Hearing Date: April 29, 2021
Hearing Time: 9:30 a.m.

1 For the first time, in their Reply, the Moving Defendants¹ argue that the Ponzi presumption
 2 does not apply to “transfers made to legitimate third parties (i.e. non-investors in the scheme itself)
 3 outside of the Ponzi scheme,” because such transfers were purportedly not made “in furtherance
 4 of” the Ponzi scheme.² The Trustee files this brief sur-reply to address the Moving Defendants’
 5 new argument.
 6

7 First, the Trustee explicitly alleges in her Complaint that the Transfers were made “in
 8 furtherance of or related to the Carpoff Ponzi Scheme,”³ including because the Transfers were
 9 made to the Moving Defendants as part of a scheme whereby Cung would launder money to Jeff
 10 Carpoff.
 11

12 “[T]he ‘in furtherance of’ element does not pose a difficult hurdle once a Ponzi
 13 scheme is established. This is because, by its very nature, Ponzi schemes are
 14 destined to collapse. Thus, unless the transfers are wholly apart from the Ponzi
 scheme, the transfer will in all likelihood contribute to the scheme in some
 fashion.”⁴

15 Second, the Ponzi presumption is not limited to transfers to Ponzi-investors. “Surely
 16 transfers that enable a Ponzi scheme operator to profit from her own Ponzi scheme, and thereby
 17 perpetuate such a scheme, are ‘in furtherance of’ a Ponzi scheme.”⁵ Indeed, in *Int’l Mfg*, the
 18 California bankruptcy court explicitly found that the Ponzi presumption applies (and the transfer
 19 was “in furtherance of” the Ponzi scheme) to a transfer to a business counterparty of the debtor
 20 which was not an investor in the scheme, rejecting the same argument made by the Moving
 21 Defendants.⁶ Indeed, one of the cases cited by the Moving Defendants—*In re ATM Financial*
 22
 23

24
 25 ¹ Defined terms shall have the same meaning as in the Trustee’s Response in Opposition to Motion
 to Dismiss [ECF No. 22].

26 ² Reply at pp. 3-4.

27 ³ Compl. at ¶¶ 16-20, 32, 35.

28 ⁴ *Bash v. Textron Fin. Corp.*, 524 B.R. 745, 758 (N.D. Ohio 2015) (emphasis added).

⁵ *Schneider v. Barnard*, 508 B.R. 533, 545 (E.D.N.Y. 2014).

⁶ *In re Int’l Mfg. Grp., Inc.*, 538 B.R. 22, 29 (Bankr. E.D. Cal. 2015) (explaining that a transfer is

1 *Servs., LLC*—acknowledged that transfers to a car dealership so that insiders would profit might
 2 be a transfer made in furtherance of that Ponzi scheme.⁷ It is axiomatic that the Carpoffs' primary
 3 goal in committing his crimes and perpetrating a Ponzi scheme for so many years – and expose
 4 himself to a lengthy prison sentence -- was to benefit himself and his family financially. And that
 5 was the purpose of the Transfers.
 6

7 Third, the relevant standard is whether the Transfers were made in furtherance of *or related*
 8 *to* the Carpoff Ponzi Scheme, which is in accord with the decisional law cited above.⁸ However,
 9 regardless of the standard, the Trustee has satisfied her burden at this early stage by alleging that
 10 the Transfers were made to the Moving Defendants as part of a scheme to enrich Jeff Carpoff,
 11 individually, and were in furtherance of or related to the Carpoff Ponzi Scheme.
 12

13 For these reasons and those set forth in the Trustee's Response, the Trustee has met her
 14 pleading burden.
 15
 16
 17

18 in furtherance of a Ponzi scheme when ... including payment of a debt to conceal the scheme.);
 19 *see also In re C.F. Foods, L.P.*, 2870 B.R. 103, 111 (Bankr. E.D. Pa. 2002) (holding that transfers
 20 to a charity were "in furtherance of" Ponzi scheme because debtor did not receive value, transfers
 21 were made to impress investors, and transfers were made with knowledge that future investors
 22 would not be paid); *In re World Vision Entm't*, 275 B.R. 641, 656 (Bankr. M.D. Fla. 2002) ("A
 23 Ponzi scheme is by definition fraudulent. By extension, any acts taken in furtherance of the Ponzi
 24 scheme, such as paying brokers commissions, are also fraudulent. Every payment made by the
 25 debtor to keep the scheme on-going was made with the actual intent to hinder, delay, or defraud
 26 creditors, primarily the new investors.")

27 ⁷ 2011 WL 2580763, at *5 (M.D. Fla. June 24, 2011) (court declining to grant summary judgment
 28 for trustee at stage of proceeding).

⁸ *In re DBSI, Inc.*, 476 B.R. 413, 422 (Bankr. D. Del. 2012) ("In sum, the plaintiff must plead that
 the debtor was engaged in a Ponzi scheme and that the transfers at issue were related to or in
 furtherance of the fraudulent scheme."); *see also In re Agape World, Inc.*, 467 B.R. 556, 570
 (Bankr. E.D.N.Y. 2012) ("The sole exception to the Ponzi scheme presumption is where the
 transfers at issue are so unrelated to the Ponzi scheme that the transfers do not serve to further the
 Ponzi scheme.").

1 **WHEREFORE**, the Trustee prays for and demands order as follows:

2 (1) Denying the Moving Defendants' motion to dismiss.

3 (2) Alternatively, granting the Trustee leave to amend her Complaint.

4 In addition, the Trustee requests from the Court any such other and further relief, equitable or
5 otherwise, that this Court deems just and proper.

6 DATED: April 27, 2021.

7 **HARTMAN & HARTMAN**

8 /s/ Jeffrey L. Hartman

9 Jeffrey L. Hartman, Esq., Attorney for Plaintiff
10 Christina W. Lovato

11 **MELAND BUDWICK, P.A.**

12 /s/ Michael S. Budwick

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14 Solomon B. Genet, Esq., Admitted Pro Hac Vice
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17 Attorneys for Plaintiff Christina W. Lovato
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CERTIFICATE OF SERVICE

I hereby that on April 27, 2021, I caused to be served for following document (s):

TRUSTEE'S SUR-REPLY IN OPPOSITION TO MOTION TO DISMISS ADVERSARY COMPLAINT [ECF No. 7] FILED BY KING SOLARMAN, INC., KING SOLARMAN (INDION) FUND I, LLC AND KING SOLARMAN (INDION) FUND II, LLC

I caused to be served the above-named document (s) as indicated below:

✓ a. Via ECF to:

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✓ c. Via Email upon Michael B. Nishiyama, Esq., mikenishiyamaSF@gmail.com.

DATED: April 27, 2021.

/s/ Michael Budwick, Esq.

Michael S. Budwick, Esq.